



GREENPEACE BRIEFING

Donors Trust: The shadow operation that has laundered \$146 million in climate-denial funding

One year ago, in February 2012, internal documents from the Heartland Institute were revealed by a sting operation, leading to the discovery that Heartland had one significant “Anonymous Donor” who accounted for a vast majority of their funding revenue. It was then discovered that these checks were being routed through two interlaced trusts in Alexandria Virginia: Donors Trust and Donors Capital Fund.

Over the past year, Greenpeace and other researchers have discovered that Donors Trust, a shadowy funding operation for anti-government extremists, is laundering millions of dollars in climate denial funding for donors who do not want to be associated with their pet causes. For the purposes of this report, any funding attributed to “Donors Trust” includes funding from both Donors Trust and Donors Capital Fund. Donors Capital Fund is the sister organization to Donors Trust, with the same mission, same leadership, and same office address.

Since the late 1990s, Greenpeace has tracked and exposed the funding to climate denial front groups from Big Oil donors, including ExxonMobil and the Koch brothers foundations. As these funding connections have been revealed, the publicly traceable funding to these groups has slowly declined, while the overall revenue and budgets of these groups has increased in many cases. This has coincided with a sharp increase in anonymous and untraceable funding for denial groups through Donors Trust.

Greenpeace defines “climate denial” organizations as those that have attempted to undermine and obstruct the scientific consensus around climate change or policy solutions to climate change, against the recommendations of the scientific community that countries must act urgently to reduce carbon pollution. Funding of these organizations is only disclosed on the IRS 990 tax forms of non-profit foundations without divulging individual donors, which means that a great deal of corporate and industry giving is untraceable. The groups rarely publish their funders on their websites or in other publications.

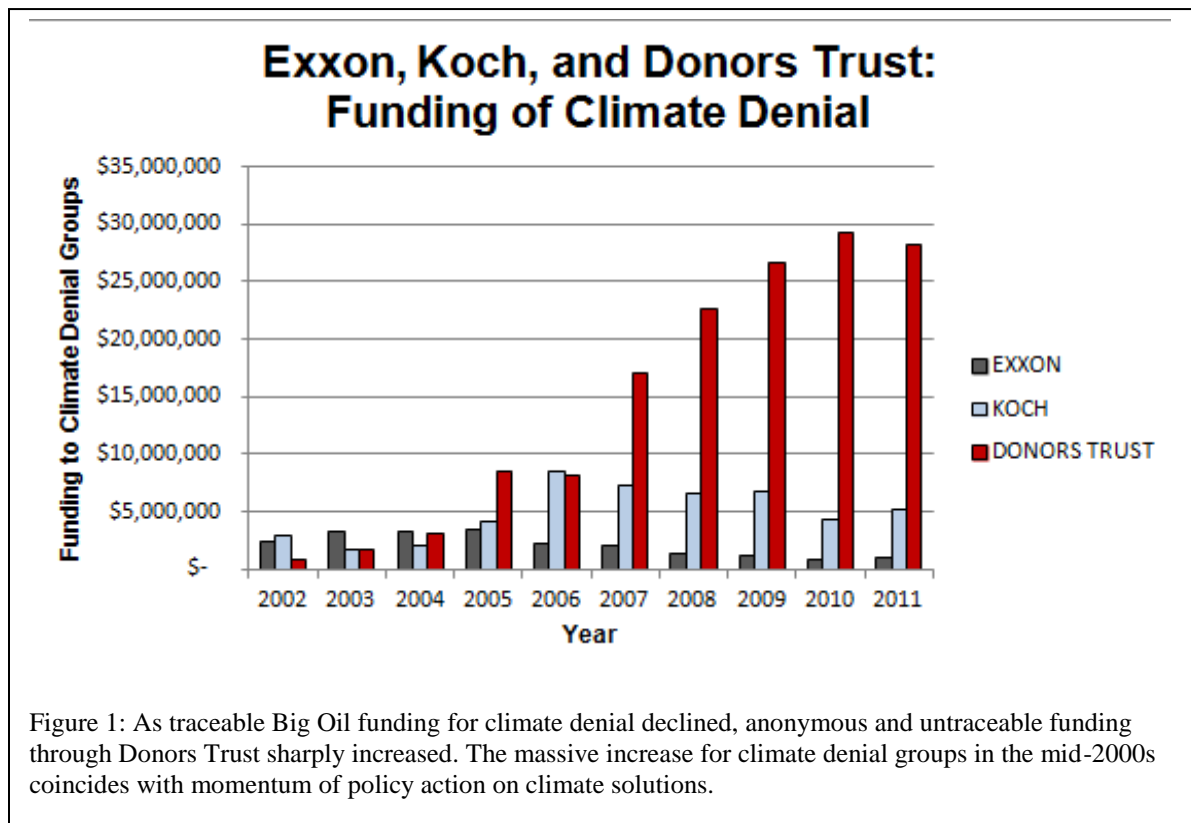
1. KEY FINDINGS

- As traceable funding from big oil (Exxon and Koch) to climate denial front groups has slowly declined over the last few years, “anonymous” money from Donors Trust has sharply increased.
- Donors Trust was created with the intent of bolstering support to climate denial and anti-government extremists while hiding the identity of major funders, like Charles G. Koch Foundation and the Koch’s Knowledge and Progress Fund.
- Donors Trust and its associated organization, Donors Capital Fund, have funded 102 climate-denial organizations since 2002.
- From 2002 to 2011, Donors Trust and Donors Capital Fund have provided \$146 million to climate denial groups.
- In 2010, a dozen climate denial groups received between 30% to 70% of their funding from Donors Trust, including the Koch-founded Americans for Prosperity, as well as Committee for a Constructive Tomorrow (CFACT)
- Additional climate denial organizations that have received major funding in recent years by Donors Trust include the Heartland Institute, Competitive Enterprise Institute, Cato Institute and the James Partnership (Cornwall Alliance).

2. DONORS TRUST: LAUNDERING DENIAL MONEY

Donors Trust collects funds from wealthy ideological individuals, and redistributes the funding to extreme anti-government, anti-regulation groups that fit the Donors Trust criteria. The website states: “Donors Trust can administer and protect your charitable intent only if your philanthropic goals are consistent with the Trust's mission and purpose to advance liberty through limited government, personal responsibility, and free enterprise.”¹

Donors Trust is the public facing organization, while its sister organization Donors Capital Fund exists to process donations over \$1,000,000. Both organizations are led by Whitney Ball and share the same office in a Washington DC suburb. Donors Trust and Donors Capital Fund offer total anonymity to funders. In addition, all money given to Donors Trust and Donors Capital Fund is tax deductible because they are considered public charities, even though the money is anonymous and untraceable. As seen in Figure 1, as Big Oil funding declined for climate denial, anonymous funding through Donors Trust increased substantially, especially as the momentum for new climate policy action was building through the mid-2000s.



In a 2005 interview, Whitney Ball explains the formation of Donors Trust²:

“Charitable capital that is held in a vehicle like a private foundation often drifts away from the intent of its founding donor(s) over time. Donor intent **seems especially hard to maintain for donors who want to support a free society** as the founders understood it. So in 1999, a small group of donors active in this cause launched Donors Trust to help like-minded donors.”

Setting up one’s own private foundation is not appealing since the money has to be disclosed on tax forms and linked to the funder. Donors Trust gives ultra-conservative funders a vehicle to give to their extreme and controversial pet-causes without leaving fingerprints on the grants.

¹ https://www.Donors_Trust.org/determine_intent.html

² http://www.philanthropyroundtable.org/topic/excellence_in_philanthropy/whitney_ball

From the Donors Trust FAQ website³

How can I give anonymously and still receive a tax deduction?

You wish to keep your charitable giving private, especially gifts funding sensitive or controversial issues. Know that any contributions to your Donors Trust account that have to be reported to the IRS will not become public information. **Unlike with private foundations, gifts from your account will remain as anonymous as you request.**

I need some administrative help to organize and distribute my charitable giving. Does Donors Trust offer these services?

You make annual gifts to a number of charities but are tired of writing checks and managing the IRS receipts. Write one check to Donors Trust and receive one IRS receipt. **From your account, request gifts to your favorite charities.**

3. KEY PLAYERS

- **Charles Koch**

Charles Koch is CEO and Chairman of Koch Industries, a massive privately-held corporation with business areas in petroleum refining, fuel pipelines, chemical and polymer production, and forestry products. Charles Koch is widely seen as a behind-the-scenes operative attempting to control the ultra-conservative movement in the United States. He is a co-founder of the Cato Institute, the Chairman of the Institute for Humane Studies, and has sponsored several secret political strategy conferences for anti-government extremists including major climate deniers. He has donated \$8 million of traceable money to Donors Trust from 2006-2010, and has included the Donors Trust Executive Director at his invite-only strategy and fundraising meetings.

- **Whitney Ball**

Whitney Ball is the co-founder and executive director of Donors Trust and is one of two paid board members of Donors Capital. Ball has an extensive history with anti-government extremists and funders. She has worked as development director at the Cato Institute, executive director of Philanthropy Roundtable, and she serves on the board of the State Policy Network.⁴ The Koch brothers have funded each of these organizations that are affiliated with Ball. She has also attended the Koch Brother strategy meetings for climate deniers and extreme conservatives.⁵

- **Steven Hayward**

Steven Hayward is a board member and treasurer of Donors Capital Fund.⁶ He comments frequently on environmental issues from a libertarian perspective, recently publishing *The Almanac of Environmental Trends*. He is a fellow at the Pacific Research Institute, and previously was a fellow at the American Enterprise Institute, the Heritage Foundation, and a contributing editor to Reason Magazine. The Koch brothers have funded each of these organizations.

In 2006, Hayward authored a letter offering \$10,000 to scientists that could detail the “limitations of climate model outputs as they pertain to the development of climate policy.”⁷ While at AEI, Hayward contributed frequently to AEI’s Energy and Environment Outlook, and Hayward consistently downplays the urgency of climate change, and discourages policy action by claiming it is too costly. In a 2009 interview when asked about disappearing Arctic sea ice, he responded “Is this evidence that something is happening? Yes. Is it dangerous? That is much less clear.” He also supported the idea of geoengineering (specifically injecting particles into the air to block sunlight) as an alternative to transitioning to low-carbon technology.⁸ Steven Hayward is also featured in the Cornwall Alliance’s climate denial video, “Resisting the Green Dragon.” Cornwall is a project of the James Partnership, which received 75% of its funding from Donors Trust in 2010.

³ <http://www.DonorsTrust.org/AboutUs/FAQs.aspx>

⁴ State Policy Network website (accessed Feb 7, 2013): <http://www.spn.org/about/pageID.55/default.asp>

⁵ http://www.sourcewatch.org/index.php?title=Koch_Event_2010-06_Attendees

⁶ <http://www2.guidestar.org/FinDocuments/2008/522/166/2008-522166327-05180739-9.pdf> (P. 7)

⁷ <http://www.desmogblog.com/aei-want-ad-seeks-scientists-for-sale-10-000-to-first-taker>

⁸ <http://www.hoover.org/multimedia/uncommon-knowledge/26711>

4. KEY TAKERS OF DONORS TRUST MONEY

- **Committee for a Constructive Tomorrow (CFACT)**

In 2011, CFACT received 40% of its budget from Donors Trust (\$1.2 million). The previous year, CFACT received nearly half, \$1.3 million totaling 45.5%, from Donors Trust. This indicates that Donors Trust may be keeping afloat one of the country's most strident and misleading climate denial organizations. CFACT was originally founded to counter the environmental movement, and anti-environmental programs dominate its agenda today. According to the CFACT website:⁹ "In 1985, the Committee For a Constructive Tomorrow (CFACT) was founded to promote a positive voice on environment and development issues...Today, this Washington DC-based group...can be heard relentlessly infusing the environmental debate with a balanced perspective on environmental stewardship."

CFACT refuses to accept any scientific evidence, not to mention the consensus, that human activity is causing climate change. CFACT maintains an FAQ webpage that attempts to refute arguments that the vast majority of scientists say climate change is human-caused:¹⁰

- "While some continue to insist that human 'greenhouse gas' emissions are causing potentially catastrophic changes in climate and weather, growing numbers of scientists say nature, not man, rules the climate."
- "Today, the real danger is laws and policies implemented in a misplaced belief that humans can control or prevent climate change. These policies raise energy costs, kill jobs, and impose especially heavy burdens on poor families."
- "Regulating carbon dioxide may be profitable for certain industries and governments, but will impose enormous costs on society – while having no effect on our weather and climate."
- The idea that there is a "scientific consensus" does not hold up. Scientists who are skeptical about "dangerous man-made climate change" have been speaking out for years.¹¹

Marc Morano, the long-standing climate denier, currently serves as CFACT's primary climate-denial spokesperson. The organization also sponsors and produces Morano's website, ClimateDepot.com. Morano is frequently a "talking head" on cable television news, casting doubt on the scientific evidence of human influence on the climate. Recently on Fox News, Morano claimed, "[Climate change action] is now akin to medieval witchcraft, where we used to blame witches for controlling the weather."¹²

CFACT's 2011 financial disclosure form shows that Morano is the most valued employee at CFACT, receiving the largest salary of \$150,000 a year. Morano's compensation is 40% more than both the Executive Director and the President's salaries, whose compensation is roughly \$105,000 annually. After Morano's arrival at CFACT in 2009, CFACT's revenue increased significantly, nearly doubling from 2008 to 2009.

- **Dr. Willie Soon**

Dr. Willie Soon is an aerospace engineer employed at the Harvard-Smithsonian Astrophysical Observatory, who is well-known for accepting funds from oil and coal business interests. Greenpeace Freedom of Information Act inquiries to Smithsonian Institute reveal that in 2011 and 2012, Dr. Soon received nearly \$115,000 from Donors Trust.¹³ Since 1994, Dr. Soon has received over \$1.3 million from ExxonMobil, the Koch brothers, American Petroleum Institute, Texaco, Southern Company, Donors Trust and others.

⁹ <http://www.cfact.org/about/>

¹⁰ <http://www.cfact.org/issues/climate-change/>

¹¹ <http://www.cfact.org/issues/climate-change/climate-change-truth-file/>

¹² Fox News: Your World with Neil Cavuto. Aug 2, 2012 [min 4:02]. <http://www.youtube.com/watch?v=U3ELs2697Hw>

¹³ <https://www.documentcloud.org/documents/603297-willie-soon-foia-response-grants-08-08-2012.html>

Even though Dr. Soon is not a trained climatologist and most of his work is not peer-reviewed, his work is still frequently cited by climate deniers. He has been affiliated with a number of climate denial organizations, including the Heartland Institute, George C. Marshall Institute, and Tech Central Station.¹⁴ Dr. Soon pretends to be a jack-of-all-trades when it comes to scientific expertise. He has published articles claiming that polar bears are not threatened by climate change, mercury from coal plants is not a public health threat, and variability of the sun is responsible for Arctic changes.

In addition to his organizational affiliations, Dr. Soon has conspired to weaken the scientific consensus on climate change. In a letter obtained by Greenpeace, Dr. Soon alerts his colleagues to an upcoming UN climate change report (IPCC Fourth Assessment), and states “I hope we can start discussing to see what we can do to weaken the fourth assessment.” He also says “As A-team, we may give it our best shot to...counter some of the chapters,” and “Even if we can tackle ONE single chapter forcefully and effectively, we will really accomplish A LOT!”¹⁵

- **Heartland Institute**

The Heartland Institute received \$14.5 million from Donors Trust from 2002 to 2011. A Chicago-based think tank, Heartland coordinates the largest conference of climate deniers every year, dubbed “Denial-palooza” by climate change advocates.¹⁶ Last year, the Heartland Institute was widely criticized for its “Unabomber billboard” campaign, which featured a picture of Ted Kaczynski’s mugshot with the question “I still believe in global warming. Do you?”¹⁷ In 2012, leaked documents exposed dozens of Heartland’s big business funders, including donors from the oil, coal, and tobacco industries.

| Project | 2007 | 2008 | 2009 | 2010 | 2011 |
|-------------------------|--------------------|--------------------|--------------------|--------------------|------------------|
| General Operating | \$500,000 | \$500,000 | \$500,000 | \$700,000 | \$350,000 |
| Ramp Up Program | \$800,000 | \$800,000 | \$400,000 | \$0 | \$0 |
| Global Warming Projects | \$1,976,937 | \$3,300,000 | \$1,732,180 | \$964,150 | \$629,000 |
| Health Care | \$0 | \$0 | \$190,000 | \$0 | \$0 |
| School Reform | \$0 | \$0 | \$0 | \$0 | \$80,000 |
| Total | \$3,276,937 | \$4,600,000 | \$2,822,180 | \$1,664,150 | \$979,000 |

Figure 2: This table from the leaked “Heartland Fundraising Plan” shows funding from an Anonymous Donor from 2007 to 2011. In some years, this donor has provided 60% of Heartland’s budget, and clearly considers global warming as a priority issue. The Anonymous donor appears to funnel the funds through Donors Trust to protect anonymity.

The documents also revealed one “Anonymous Donor” that Heartland depends upon for a massive portion of its budget.¹⁸ In some years this Anonymous Donor provided over half of Heartland’s total revenue. From 2007 to 2011, the Anonymous Donor gave \$8.6 million to the Heartland Institute specifically for “Global Warming Projects.” Climate change appears to be this donor’s pet issue, as these program-specific grants constitute more than half of the donor’s total funding to the Heartland Institute.

¹⁴ <http://www.greenpeace.org/usa/en/campaigns/global-warming-and-energy/polluterwatch/koch-industries/CASE-STUDY-Dr-Willie-Soon-a-Career-Fueled-by-Big-Oil-and-Coal/>

¹⁵ <http://www.greenpeace.org/usa/en/campaigns/global-warming-and-energy/polluterwatch/koch-industries/Willie-Soon-email-to-climate-deniers/>

¹⁶ <http://www.polluterwatch.com/blog/heartland-institute%E2%80%99s-7th-climate-denial-palooza-fewer-attendees-more-fringe-conspiracy-theorie>

¹⁷ <http://green.blogs.nytimes.com/2012/05/04/a-new-tactic-for-climate-skeptics/>

¹⁸ <http://www.polluterwatch.com/292934-1-15-2012-2012-fundraising-plan> (page 20)

By comparing the “Anonymous Donor” funding to the Donors Trust forms, the grant sizes from the two sources are nearly identical year to year. In addition, in some years the grant sizes from each source is nearly 60% of Heartland’s budget. This indicates that at least some (and probably most) of the “Anonymous Donor” money is flowing through Donors Trust.

Comparison of Heartland’s funding from the Anonymous Donor and Donors Trust shows striking similarities

| Year | Heartland Institute Annual Revenue | Donors Trust Grants to Heartland Inst | “Anonymous Donor” Grants to Heartland Inst | Percent from Donors Trust | Percent from “Anonymous Donor” |
|------|------------------------------------|---------------------------------------|--|---------------------------|--------------------------------|
| 2007 | \$ 5,216,884 | \$ 2,955,937 | \$ 3,276,937 | 56.7% | 62.8% |
| 2008 | \$ 7,782,959 | \$ 4,621,750 | \$ 4,600,000 | 59.4% | 59.1% |
| 2009 | \$ 6,785,374 | \$ 2,688,280 | \$ 2,822,180 | 39.6% | 41.6% |
| 2010 | \$ 6,074,947 | \$ 1,666,400 | \$ 1,664,150 | 27.4% | 27.4% |
| 2011 | \$ 4,573,631 | \$ 979,000 | \$ 979,000 | 21.4% | 21.4% |

Figure 3: Grants from the Anonymous donor and the Heartland Institute are nearly identical. In addition, the amounts are a large share of Heartland’s total revenue – in some years, adding the two is more than 100% of Heartlands funding, illustrating that the Anonymous Donor is using Donors Trust to hide his identity for some, if not all, of the anonymous grants.

- **Americans for Prosperity (AFP)**

In 2010, Americans for Prosperity Foundation (AFP) received \$7.7 million from Donors Trust, making up 44% of the AFP Foundation’s annual revenue. The secretive oil billionaire David Koch is the founder and chairman of Americans for Prosperity, as well as a major funder.

AFP is a major astroturf organization that aims to give the appearance of grassroots support to positions that favor the oil industry, coal companies and other entrenched business interests. AFP has dozens of state chapters and organizes tea party events. During the fiscal cliff discussions at the end of 2012, AFP staunchly opposed the production tax credit for wind power, claiming that “politically-connected groups like the wind industry are getting special tax treatment.”¹⁹ In September 2012, AFP opposed new EPA protections to reduce carbon pollution from power plants, stating that “Individuals all across this country, from electric utility consumers to coal miners, understand the importance of coal in our lives.”²⁰

From 2008 to 2010, AFP hosted the “Hot Air Tour” as a nationwide campaign against climate change action, hosting events in 40 cities with a hot air balloon. The slogan of the tour was “Global Warming Alarmism: Lost jobs, Higher taxes, Less freedom.”²¹ AFP also hosted “Hot Air Tour” events during the UN climate conferences in Copenhagen in 2009 and Cancun in 2010.²² AFP attacked President Obama in its invite to the Copenhagen Hot Air Tour, claiming: “No doubt, the President intends to commit the United States to an energy rationing scheme that makes the U.S. accountable to U.N. bureaucrats, kills jobs here, dramatically raises the price of gasoline and electricity, and infringes on our personal and national freedoms.”²³

¹⁹ <http://americansforprosperity.org/legislativealerts/sow-the-wind-reap-the-whirlwind-congress-extends-wind-subsidies-in-fiscal-cliff-deal/>

²⁰ <http://americansforprosperity.org/legislativealerts/letter-of-support-h-r-6172-to-block-epas-crippling-power-plant-rule/>

²¹ <http://www.desmogblog.com/americans-prosperity-history-research-background-funding>

²² <http://www.rightwingnews.com/democrats/the-con-in-cancun-un-climate-change-summit-update/>

²³ <http://americansforprosperity.org/120209-hot-air-tour-live-copenhagen/>

The Americans for Prosperity Foundation and its state chapters are also associate members of the State Policy Network (SPN), an affiliation of conservative state-based groups that attack climate action. SPN and many of its members receive direct funding from Donors Trust.

5. DATA TABLES FOR REFERENCE

The following tables list the top climate-denial recipients of Donors Trust funding:

- The first table lists the top aggregate recipients of Donors Trust money from 2002 to 2010.
- The second table shows million-dollar organizations that received over 10% of their revenue from Donors Trust in 2010.
- The third table shows organizations with any size budget, large or small, in 2010 that received over 30% from Donors Trust.

| Donors Trust Funding to Top Twenty Climate Denial Recipients (2002-2011) | |
|---|-----------------------------|
| DENIAL ORGANIZATION | DONORS TRUST FUNDING |
| American Enterprise Institute (AEI) | \$ 19,840,954 |
| Heartland Institute | \$ 14,496,497 |
| Americans for Prosperity (AFP) | \$ 12,241,961 |
| Federalist Society | \$ 10,854,463 |
| State Policy Network | \$ 10,059,051 |
| Hudson Institute | \$ 5,222,000 |
| Committee for a Constructive Tomorrow (CFACT) | \$ 4,165,978 |
| Americans for Limited Government | \$ 3,950,000 |
| Independent Women's Forum | \$ 3,387,604 |
| Institute for Humane Studies | \$ 3,349,662 |
| Texas Public Policy Foundation | \$ 2,630,758 |
| Institute for Religion and Democracy | \$ 2,340,000 |
| Mercatus Center | \$ 2,258,650 |
| NFIB Legal Foundation | \$ 2,093,500 |
| Illinois Policy Institute | \$ 1,895,707 |
| Philanthropy Roundtable | \$ 1,822,560 |
| Independence Institute | \$ 1,727,000 |
| Freedom Foundation (Evergreen Freedom Foundation) | \$ 1,716,555 |
| Cato Institute | \$ 1,535,207 |
| Commonwealth Foundation for Public Policy Alternatives | \$ 1,473,300 |

Million-Dollar organizations with over 10% of revenue from Donors Trust (Year 2010)

| | Organization | Funding from Donors Trust | Organization's Total Revenue | Donors Trust Dependence |
|----|---|---------------------------|------------------------------|-------------------------|
| 1 | Committee for a Constructive Tomorrow | \$ 1,295,754 | \$ 2,850,747 | 45.5% |
| 2 | Sutherland Institute | \$ 596,000 | \$ 1,335,989 | 44.6% |
| 3 | Americans for Prosperity Foundation | \$ 7,658,911 | \$ 17,461,125 | 43.9% |
| 4 | State Policy Network | \$ 1,767,700 | \$ 4,812,513 | 36.7% |
| 5 | Commonwealth Foundation for Public Policy Alternative | \$ 345,000 | \$ 1,032,887 | 33.4% |
| 6 | Heartland Institute | \$ 1,666,400 | \$ 6,074,947 | 27.4% |
| 7 | Texas Public Policy Foundation | \$ 677,508 | \$ 3,223,804 | 21.0% |
| 8 | Independence Institute | \$ 291,000 | \$ 1,469,690 | 19.8% |
| 9 | Free to Choose Network, Inc. | \$ 480,046 | \$ 2,510,789 | 19.1% |
| 10 | Wyoming Liberty Group | \$ 236,000 | \$ 1,253,526 | 18.8% |
| 11 | Illinois Policy Institute | \$ 262,000 | \$ 1,469,110 | 17.8% |
| 12 | Rio Grande Foundation | \$ 304,500 | \$ 1,710,899 | 17.8% |
| 13 | Freedom Foundation (Evergreen Freedom Fdn)* | \$ 403,318 | \$ 2,338,192 | 17.2% |
| 14 | Washington Policy Center | \$ 189,575 | \$ 1,149,317 | 16.5% |
| 15 | Federalist Society | \$ 1,462,442 | \$ 9,465,480 | 15.5% |
| 16 | Institute for Energy Research | \$ 350,000 | \$ 2,266,196 | 15.4% |
| 17 | Mercatus Center at George Mason University | \$ 1,156,700 | \$ 8,075,737 | 14.3% |
| 18 | Alabama Institute | \$ 140,000 | \$ 1,106,954 | 12.6% |

**Organizations with over 30% of revenue from Donors Trust
(Year 2010)**

| Organization | Funding from Donors Trust | Organization's Total Revenue | Donors Trust Dependence |
|--|----------------------------------|-------------------------------------|--------------------------------|
| The James Partnership | \$ 339,500 | \$ 448,058 | 75.8% |
| Montana Policy Institute | \$ 380,000 | \$ 593,452 | 64.0% |
| Beacon Center of Tennessee | \$ 232,500 | \$ 463,320 | 50.2% |
| Alaska Policy Forum | \$ 142,000 | \$ 291,683 | 48.7% |
| Grassroots Institute of Hawaii | \$ 248,444 | \$ 519,209 | 47.9% |
| Committee for a Constructive Tomorrow (CFACT) | \$ 1,295,754 | \$ 2,850,747 | 45.5% |
| Sutherland Institute | \$ 596,000 | \$ 1,335,989 | 44.6% |
| Americans for Prosperity Foundation | \$ 7,658,911 | \$ 17,461,125 | 43.9% |
| Maryland Public Policy Institute | \$ 161,000 | \$ 390,118 | 41.3% |
| Ethan Allen Institute | \$ 50,000 | \$ 132,362 | 37.8% |
| National Taxpayers Union Foundation | \$ 176,000 | \$ 468,976 | 37.5% |
| State Policy Network | \$ 1,767,700 | \$ 4,812,513 | 36.7% |
| North Dakota Policy Council | \$ 78,000 | \$ 230,009 | 33.9% |
| Cascade Policy Institute | \$ 335,000 | \$ 988,404 | 33.9% |
| Commonwealth Foundation for Public Policy Alternatives | \$ 345,000 | \$ 1,032,887 | 33.4% |
| Nevada Policy Research Institute | \$ 253,405 | \$ 776,450 | 32.6% |

